

APPLICATION FOR FUNDING

Community Development Block Grant Program
Economic Development Allocation

OVER - THE - COUNTER COMPONENT
1999-2000



STATE OF CALIFORNIA
Department of Housing and Community Development
Division of Community Affairs
Community Development Block Grant Program (CDBG)
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APPLICATION FOR FUNDING
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
ECONOMIC DEVELOPMENT ALLOCATION
OVER THE COUNTER COMPONENT
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INTRODUCTION

1. **Contents of the Application**

The application for the 1999-2000 Over-the-Counter (OTC) Program Component of the State Community Development Block Grant (CDBG) Program's Economic Development Allocation consists of State forms and other required information. The forms have been developed to provide all applicants with a consistent format for presenting proposed projects and to provide the Department with a method for applying the evaluation criteria in the rating process.

Applicants should refer to the State CDBG Regulations, Section 7070, the 1999-2000 Notice of Funding Availability (NOFA), and the OTC Training Manual, for a more detailed description of program requirements.

2. **Important Dates**

Release date for NOFA:	July 15, 1999
Release date for Application for Funding	August 5, 1999
Application Filing Date	Continuous

3. **How to Submit the Application**

- A. Send an original and one (1) copy of the application, with all attachments to the address below. For infrastructure activity applications, send an original and two (2) copies.
- B. Package each copy of the application and attachments in an appropriately sized, three-ring loose leaf binder, with the pages paginated. Use tabbed pages or other clearly marked separating device to identify the attachments. Do not use adhesive stickers or flags as these devices are easily misplaced or lost.
- C. Check the application for completeness, make sure all attachments are included. Date and sign the application.

D. Send complete application to:

Mailing Address: Teresa Errington, Program Secretary
State Community Development Block Grant Program
California Department of Housing and Community
Development
P.O. Box 952054, MS 390-2
Sacramento, California 94252-2054

Deliver To: 1800 Third Street, Room 390
Sacramento, California 95814

E. For further information:

Telephone: (916) 445-6000
Facsimile: (916) 323-6016

4. Confidentiality of Program Records

Applications, staff reports, and grant agreements are public information and are available for review by the public. Applicants are advised that information submitted to the State may have to be made available to the public under the State Public Records Act unless an exemption under this Act applies to the information submitted and the applicant establishes a valid claim of confidentiality under such exemption. As such, business financial statements, tax returns, personal financial information, and other proprietary information can be submitted under separate cover marked "Confidential." Staff will work with the business to the greatest extent possible to protect confidential financial information.

OTC PRE-APPLICATION

The purpose of the pre-application is to allow State CDBG program staff to provide technical assistance early in the application development stage. CDBG staff will review the pre-application prior to meeting with the project's principals where issues identified from the pre-application can be discussed. The meeting with the project's principals will focus on the application checklists and identify the information that will need to be included in a full application.

A. APPLICANT INFORMATION

1. Name of Applicant: _____

2. Staff Contact:

Last:	First:	MI:
Title:		
Mailing Address:		
City:	State:	Zip:
Telephone #: ()		Fax #: ()

B. PROJECT DESCRIPTION

1. Type of Project:
- ☐ Business Loan
 - ☐ Expansion
 - ☐ Start-up
 - ☐ Infrastructure
 - ☐ Development Project
 - ☐ Other

2. Type of Business:
- ☐ Sole Proprietorship
 - ☐ Corporation
 - ☐ Partnership

3. Date Business Established: _____

4. Provide a brief description of the proposed project and assisted business(es): _____

5. Provide a brief description of the community/economic development need which the proposed project will address: _____

6. Other information/issues affecting project feasibility, e.g., site control: _____

C. PROJECT FINANCING

1. Sources and Uses: Complete a Business Assistance Sources and Uses for all business projects. Complete an "Infrastructure Sources and Uses" for infrastructure projects.

Infrastructure Sources and Uses					
	Local	CDBG	Business	Other Specify	TOTAL
Roads	\$	\$	\$	\$	\$
Utilities	\$	\$	\$	\$	\$
Water	\$	\$	\$	\$	\$
Sewer	\$	\$	\$	\$	\$
Other	\$	\$	\$	\$	\$
Total Funds:	\$	\$	\$	\$	\$

Business Project Sources and Uses					
				Other	

**1999-2000 ED/OTC
OTC Pre-Application
Applicant**

	Lender	Equity	CDBG	Specify	TOTAL
Acquisition:					
Land	\$	\$	\$	\$	\$
Building	\$	\$	\$	\$	\$
Construction	\$	\$	\$	\$	\$
Machinery/Equipment	\$	\$	\$	\$	\$
Infrastructure	\$	\$	\$	\$	\$
Working Capital	\$	\$	\$	\$	\$
Inventory	\$	\$	\$	\$	\$
Other	\$	\$	\$	\$	\$
Total Funds:	\$	\$	\$	\$	\$

2. State reason for need for State CDBG assistance: _____

3. Ratio of Private Funds to CDBG Funds: _____ %

4. CDBG Loan Terms:

a. ☐ Loan ☐ Grant

b. Interest Rate: _____

 Term: _____

 Repayment: _____

c. Proposed Security: _____

d. Describe other loan features: _____

5. List all proposed sources of funds and describe the status of funding commitment (e.g., letter of interest, funds committed, etc.)

Source of Funds	Commitment Status

D. PUBLIC BENEFIT

1. Number of Jobs to be Created/Retained: _____
2. CDBG Cost Per Job: _____
3. Percent of Jobs Projected for Targeted Income Group (TIG) : _____
4. County-wide Unemployment Rate (annually adjusted): _____

To schedule a technical assistance meeting, please call the CDBG ED field representative who serves your jurisdiction.

John Turner	(916) 445-6000	jturner@hcd.ca.gov
James Bishop	(916) 327-3582	jbishop@hcd.ca.gov
Jack Mahan	(916) 323-9714	jmahan@hcd.ca.gov
Janet Myles	(916) 322-0877	jmyles@hcd.ca.gov

APPLICATION FORM

This application, if approved for funding, will be a part of your grant agreement with the Department. In order to be considered for funding, all sections of this application (Section I through IV) and attachments must be complete and accurate. DO NOT REVISE THIS FORM IN ANY MANNER UNLESS OTHERWISE NOTED ON THE APPLICATION FORM. Refer to the Application Training Manual and Program regulations (Federal regulations are found at 24 CFR Part 570, Subpart I and State Regulations at Title 25, Subchapter 2, commencing with Section 7050) for additional information. If you have any questions about the application or if you require technical assistance, please contact program staff for assistance.

SECTION I. APPLICANT INFORMATION

1. Applicant Name:

<input type="checkbox"/> On Applicant's Own Behalf	<input type="checkbox"/> Joint Application
--	--

County of _____

City of _____, located in the County of _____

City of _____, located in the County of _____

2. Official authorized to sign Grant Agreement per the Resolution:

Name: _____

_____ (Last) (First) (MI)

Title: _____

3. Mailing address of person authorized in the resolution to sign the grant agreement:

Address: _____

_____ (City) (State) (Zip Code)

4. Applicant's Staff Contact Information: Enter information for the principal contact regarding this application.

Last:	First:	MI:
Title:		
Mailing Address:		
City:	State:	Zip:
Telephone #: ()		Fax #: ()

5. Consultant/Other Public Agency Contact Information: Enter information for the consultant or other public agency contact.

Last:	First:	MI:
Title:		
Mailing Address:		
City:	State:	Zip:
Telephone #: ()		Fax #: ()

6. Housing Element Status: Has the applicant submitted an adopted housing element to the Department?

☐ Yes

☐ No

If yes, complete and attach a self-certification that the housing element is in procedural compliance with State housing element law. See "Housing Element Self-Certification Letter" in the "Project and Grantee Forms" section. Label the attachment as "*Housing Element Self-Certification: Section I.6.*"

If no, please note that a jurisdiction that cannot certify that it has submitted to the Department an adopted housing element that is in compliance with the requirements of State Housing Element law is not eligible to receive funds from the CDBG program.

7. Growth Control : Has the applicant enacted limitations on residential construction, which limitations do not establish agricultural preserves, are not imposed by another agency, or are not based on a health and safety need?

Note: If the applicant has a General Plan, ordinance, or other measure which directly limits by number either the building permits which may be issued for residential construction, or buildable lots which may be developed for residential purposes, and the measure does not meet any of the exceptions found in the Program Regulations, Section 7056(b)(2)(B), check "yes" below and attach a copy of the measure with this application. Label the attachment as "*Growth Control Attachment: Section I.7.*"

☐ Yes

☐ No

8. Audit/Performance Problems:

- a. Does the applicant have any unresolved audit findings for prior CDBG grants awarded by an urban county, by HUD under the Small Cities Program or by the State?

☐ Yes

☐ No

If yes, provide a copy of the finding and any correspondence related to it. Label the attachment as "*Audit Finding Attachment, Section I.8.a.*"

- b. Has the Department issued monitoring findings or notified the applicant in writing that a performance problems exists on previous CDBG activities of the applicant?

☐ Yes

☐ No

If yes, has the applicant received a letter of final resolution from the Department that clears the findings, accepts repayment terms or otherwise indicates formal action to resolve the matter?

☐ Yes

☐ No

9. Reuse Plan: Submit a copy of applicant's most recently submitted Program Income Reuse Plan Report and Certification. Label As "*Reuse Plan: Section I.9.*"

Legislative Representatives

Member of the Assembly	State Senator	Member of Congress
1. District No.	1. District No.	1. District No.
2. Name:	2. Name:	2. Name:
1. District No.	1. District No.	1. District No.
2. Name:	2. Name:	2. Name:

11. Application Authorization

- a. Governing Board Resolution: Submit a resolution authorizing submittal of the application from the governing body of the applicant. See “Sample Resolution” in “Project and Grantee Forms” section. Attach and label as “*Governing Board Resolution: Section I.10.a.*”
- b. Public Hearing: Submit evidence of public notices required for two public hearings: for selection of activity and for final application contents. See “General Public Hearing Sample Notice” and “Project Public Hearing Sample Notice” in “Project and Grantee Forms” section. Attach and label as “*Public Hearing Notices: Section I.10.b.*”
- c. Statement of Assurances: Submit the Statement of Assurances executed by the certifying official. See form in “Project and Grantee Forms” section. Attach and label as “*Statement of Assurances: Section I.10.c.*”
- d. Joint Powers Agreement: If the application is made jointly by two jurisdictions, submit an executed joint powers agreement. See “Joint Powers Agreement” in “Project and Grantees Forms” section. Attach and label as “*Joint Powers Agreement: Section I.10.d.*”
- e. Official(s) Authorized to Submit Application

Name _____
(Print)

Title _____

Signature _____

Date _____

Name _____
(Print)

Title _____

Signature _____

Date _____

SECTION II. PROJECT DESCRPTION

1. Summary of Activities: Enter the dollar amount of CDBG funds requested for each use and the total amount requested. Specify the proposed activity, e.g., "installation of water line "

Activity	Requested Amount
a. Business Loan Specify business _____	
b. Infrastructure Project Specify project _____	
c. Development Project Specify type: _____	
d. General Administration	
Total Amount Requested	

2. Explanation of Funds requested.

- a. Complete the "Project Budget Summary Form" detailing funds budgeted for grant administration and projected quarterly expenditures. Label and attach as "*Program Budget Summary Form: Section II.2.*" Form is found in "Grantee and Project Forms" section.
- b. If the **Total Amount Requested** exceeds \$500,000 for a single applicant, provide an explanation as to why the project cannot otherwise meet a national objective or be completed in segments of \$500,000 or less. Cost savings alone is not an acceptable explanation.

- c. Provide an explanation if general administration funds are less than 5 percent or greater than 7.5 percent of total CDBG request. Indicate N/A if administration request falls within this range.

3. Provide a summary description of the proposed project, including a discussion of the following:
- the need for CDBG funds
 - the business(es) being assisted
 - the public benefit
 - the national objective that will be met (e.g., principal benefit to Targeted Income Group (TIG), slums and blight, urgent need)

Attach and label as “*Summary Description: Section II.3.*”

4. For public infrastructure activities , provide a description of the following. Attach and label “*Infrastructure Information: Section II.4.*”

- a. Description of the proposed infrastructure improvements along with a detailed listing of costs.
- b. Description of the parcels benefiting from the proposed improvements, with a discussion of the basis for determining which parcels have been deemed to be benefiting from the improvements. Indicate the location of the affected parcels on the Site Map. (Also, see item 8., “Maps”).
- c. Describe the process utilized by the jurisdiction in negotiating "fair share" payments from the immediately benefiting business and future users for a pro rata portion of the capital costs of the improvements as well as the basis for the ultimate negotiated outcome. Include drafts of “fair share” agreements.
- d. Discuss the mechanism the jurisdiction will use to obtain 51 percent targeted income group benefit from future users benefiting from the excess capacity of infrastructure improvements.

5. Indicate the type of entity which will be the ultimate beneficiary of the CDBG assistance.

	Private for-profit entity	Private non-profit	Public Agency
Business Loan			
Infrastructure Project			
Development Project			

6. Unemployment Rate: Enter the higher of the most recent calendar year or the most recent month as provided by the Economic Development Department Labor Market Bulletin:

a. County wide unemployment rate as of _____ was _____ %.

b. Indicate time basis for information: ☐ Calendar year ☐ Monthly

7. Environmental Requirements: Discuss the expected level of environmental clearance under National Environmental Policies Act (NEPA) and California Environmental Quality Act (CEQA).

8. Maps: Attach and label the following maps “*Maps Attachment: Section II.8.*”

- ☐ Area Map depicting the site and surrounding parcels. Map should denote current zoning, developed and undeveloped land. For infrastructure projects, delineate the benefiting parcels.
- ☐ Site Map depicting detailed plan view of improvements proposed for the site. Site map should clearly depict size of parcel, size and location of proposed building and related improvements, such as parking, storage areas, etc. For infrastructure activities, depict the proposed improvements (e.g., streets, water or sewer lines.)

SECTION III: PROJECT FINANCING

1. Sources and Uses: All applicants proposing business assistance activities must complete a "Business Assistance Sources and Uses". Applicants proposing public infrastructure activities must complete a "Public Infrastructure Sources and Uses". Use the forms contained in the "Project and Grantee Forms Section". Label attachments as "*Business Assistance Sources and Uses: Section III.1.*" and "*Public Infrastructure Sources and Uses: Section III.1.*"
2. Ratio of Private Funds to CDBG Funds: _____ %
3. CDBG Loan Terms:
 - a. ☐ Loan ☐ Grant
 - b. Interest Rate: _____ Repayment: _____
Term: _____
 - c. Proposed Security: _____

 - d. Describe other loan features: _____
4. List all proposed sources of funds and describe the status of funding commitment (e.g., letter of interest, funds committed, etc.

Source of Funds	Status

Attach documentation of funding status. Equity should be documented with letter of commitment and financial statements. All letters of commitment should include project name, amount and terms, and expiration dates. If application has been made, submit copy of application and all attachments. Label as "*Funding Commitments: Section III.4.*"

SECTION IV: PUBLIC BENEFIT

1. Enter the projected number of jobs projected within 24 months from the execution of the grant agreement. To determine this information use the "Employment Projection Form" for each benefiting business. This form is in the "Project and Grantee Forms" section. Attach and label as "*Employment Projection Form Attachment: Section IV.1.*"

	Full-Time Equivalent Job*
Total number of new jobs created	
Total number of retained jobs	
Total Jobs Created/Retained	
Total number of new TIG jobs created	
Total number of new LTIG jobs created	
Total number of retained TIG jobs	
Total number of retained LTIG jobs	
Total TIG Jobs Created/Retained	
Total TIG Jobs ÷ Total Jobs	%

- Note: To be considered full-time, a job must provide at least 1,750 hours per year. Part-time jobs that provide at least 875 hours per year of employment may be aggregated to arrive at a full-time equivalent job at least 1,750 hours per year.
- The LTIG number is a subset of the TIG number

2. Cost per Job: $\text{Total CDBG Funds} \div \text{Total Number of Jobs} = \$$ _____

3. Check if applicable and provide the documentation requested below for the type of project.

- ☐ Business Retention Project
☐ Business Relocation Project
☐ Business Attraction

- a. For business retention projects, provide documentation of genuine threat of job loss. Label as "*Business Retention Attachment: Section IV.3.a.*" Examples of adequate documentation are:

- evidence that business has evaluated alternative sites outside the community of State;
- evidence that the business has initiated purchase of another site, or has not renewed its lease at the current facility;
- notification from management to employees of an intent to relocate; or
- cease and desist order forcing business to resolve problem or terminate operations

- financial information provided by the business that documents that without CDBG assistance, jobs will be lost.

b. For business relocation projects, provide documentation that:

- CDBG funds are not being used to induce business to leave its current location;
- there are sound financial reasons for the move, such as the need to reverse a negative cash flow or facilitate a needed expansion
- there will be a net new job creation at the new or expanded site (e.g., more jobs will result at the new location than will be lost at the old location); and
- the community where the business is currently located has been informed about the pending relocation and has provided its comments.

Label as “*Business Relocation Attachment: Section IV.3.b.*”

c. For business attraction projects, provide documentation that the benefiting business has made a commitment to the applicant jurisdiction. Label as *Business Attraction Attachment: Section IV.3.c.*” Examples of adequate documentation include:

- recent purchase of lease of project site; or
- signed development agreement

SECTION V: CDBG UNDERWRITING CRITERIA

Provide a written analysis of the proposed project using the CDBG underwriting criteria to demonstrate that the proposed CDBG subsidy is **appropriate** to assist the business. Label the analysis as “*CDBG Underwriting Analysis Attachment: Section V*”. Use the attached table as a guide for the analysis and provide the applicable documentation listed for each criterion. See Application Training Manual for additional explanation of underwriting criteria.

Analysis	Documentation
Criterion #1: Project costs are reasonable.	
<ul style="list-style-type: none"> • For each use of funds, determine if costs are reasonable. • Use third-party cost estimates, fair market price quotations, cost estimating manuals or services. • Evaluate adequacy of contingency. • For working capital loans, evaluate industry averages, historical needs of business. • Evaluate operating cycle and financial ratios. 	<ul style="list-style-type: none"> • Sources and Uses • For construction, machinery and equipment: third party cost estimates, estimating manuals • For development costs, contracts or other source documentation (Building department, public works, architects/engineers) • For working capital, financial statements and projections • Appraisals for real property
Criterion #2: All sources of project financing are committed.	

<ul style="list-style-type: none"> For each proposed source, determine status of commitment. Verify: <ul style="list-style-type: none"> sufficient sources have been identified sources have affirmed intention to provide funds sources have financial capacity to provide funds equity injection is verified on business or personal financial statements investor equity is committed and verified with financial statements 	<ul style="list-style-type: none"> Sources and Uses Letter of commitment or, in some cases, intent. Letters should include: amount, type, terms, rate, and conditions, including collateral, points, fees, special provisions. For equity sources, business or personal financial statements, title to land, buildings, documenting value appraisals of land/bldg. letter of commitment or intent and accompanying financial statement
Criterion #3: Avoid substitution of CDBG Funds for Non-federal financial support.	
<ul style="list-style-type: none"> Conduct financial underwriting analyses with and without CDBG funds. Analyze projections of revenues and expenses, debt service, and return on equity investment. <ul style="list-style-type: none"> What is "financial gap" Is it short- or long-term? Can other sources bridge the gap? Can the project support more debt? Are officer's salaries, owner's draw, ROI reasonable? Re: Private debt financing, evaluate unavailability/cost of funds. <ul style="list-style-type: none"> Can it be increased? Are lenders requirements (e.g., loan to value, collateral) reasonable given project's risk and location? Re: equity participation: <ul style="list-style-type: none"> Can it be increased? Is it reasonable given industry standards for ROE on similar projects with similar risk? For infrastructure projects, have "fair share" contributions from initial benefiting business(es) and from future beneficiaries been maximized? 	<ul style="list-style-type: none"> Source and Uses Historical and projected financial statements/federal tax returns Letter from business indicating "but for" CDBG assistance, project would not be feasible Historical financial information and industry averages/federal tax returns (Robert Morris or other credible source of industry averages) Lender's requirements Other Financing Programs
Criterion #4: Project is financially feasible.	
<ul style="list-style-type: none"> Are all of the project assumptions reasonable re: <ul style="list-style-type: none"> market share? sales levels? growth potential? projections of revenue, expenses, and debt service? Given assumptions, does project reach the break-even point? 	<ul style="list-style-type: none"> Three years personal (owners with 20 % ownership) and business financials Three years personal and corporate tax returns Business projections Business plan or statement, discussing competition, market strategy, sales estimates Industry averages (Robert Morris' Annual Financial Statements)

<ul style="list-style-type: none"> • Is return on equity investment reasonable? • Are estimates of equity investment and profit realistic? • Are job estimates reasonable? Are pay and benefits realistic for labor market? Are these reflected in projections? • Analyze key ratios <ul style="list-style-type: none"> • debt coverage ratio • current ratio • quick ratio • debt to worth • collateral coverage • Evaluate the experience and capacity of the owners to achieve projections • Identify elements that pose greatest risk contributing to lack of feasibility. 	<ul style="list-style-type: none"> • Industry averages and historical labor costs
Criterion #5: Return on equity investment will not be unreasonably high.	
<ul style="list-style-type: none"> • What is the owner's/developer's equity investment? • What is the expected return? • Analyze owner's rate of return on equity investment • Is owner return reasonable, given industry, risk, local conditions? 	<ul style="list-style-type: none"> • Sources and uses, commitment letters, personal and business financial statements • Historical and projected business financials, including officer's salary/owner's draw, net operating income. • Develop a pro forma with ROE analysis • Industry averages for similar projects
Criterion #6: To the extent practicable, CDBG funds are disbursed on a pro rata basis with other finances provided to the project.	
<ul style="list-style-type: none"> • What will CDBG funds be used for and when are they needed? • What are other funding source's policies toward expenditure timing? Is negotiation possible? • When is equity injected? • Compare the degree of risk of all funding sources. • If CDBG funds are expended early, what safeguards will be used, e.g., performance and completion bonds? 	<ul style="list-style-type: none"> • Sources and uses • Construction contracts • Lender requirements/policies

SECTION VI. STATE CRITERIA

1. Community and local economic development needs. Provide a brief description of the jurisdiction's most serious community and economic development needs. This includes a discussion of economic trends and the jurisdiction's economic development plan to address its needs. Do not describe the proposed activity in this section. The description should include a discussion of the following:

- labor force needs, including a discussion of the unemployment rate in the jurisdiction and region, and the skills available or lacking in the labor market;
- family income and percentage of persons in poverty;
- disinvestment in the community, as evidenced by recent business closures over the last three years; and
- the extent to which the applicant's local economy exhibits a relatively low growth in employment, taxable sales, and per capita income, and a relatively heavy dependence on government subsidies, such as Aid to Families With Dependent Children or welfare payments, as a source of income

Label attachment as "*Community Need Description: Section VI.1.*"

2. Feasibility of the proposed activities under local policies or requirements. Provide a description of local policies and requirements which may affect project feasibility. Address the following:

- The proposed project's relationship to other community development activities underway or planned to occur during the life of the CDBG grant. Describe how project is compatible with the jurisdiction's overall economic development goals, objectives and strategies, including any studies assisted with CDBG funds.
- Local zoning and planning requirements affecting the project. Describe which approvals are already in place and which must still be obtained. If approvals are not currently in place for the project, describe steps that will be taken to obtain all approvals, including zoning, specific plan, use permit or building permit.
- Any other public or private actions which may have a negative impact on the program, such as service fees, development policies, general plan zoning or building code restrictions, water/sewer limitation, parking problems, and pending lawsuits.

- Any known significant environmental issues or problems. If the project has undergone local environmental review, determinations should be discussed in the application. Any conditions on the project resulting from an environmental review should be addressed, and proposed mitigation measures should be clearly described. NOTE: If an Environmental Impact Report has been required, it is recommended that the applicant wait for the report to be completed before submitting an application.

Label attachment as “*Local Requirements Description: Section VI.2.*”

3. Site Control. Provide evidence that the applicant or business has control of the project site. Indicate the form of site control and attach as “*Site Control Documentation: Section VI.3.*”

- ☐ Fee title or other ownership interest, as evidenced by a Preliminary Title Report or Deed of Trust
- ☐ Executed lease agreements
- ☐ Option to Purchase, as evidenced by a copy of the executed Purchase Agreement
- ☐ Resolution of Necessity and scheduled court date (where condemnation proceedings are required).

4. Management Capacity of Applicant. Describe the capacity of the applicant in implementing all phases of grant administration. Discuss the experience of the applicant or administrative subcontractor to perform the following functions.

- loan underwriting
- loan closing
- construction oversight
- grant record keeping and reporting
- financial recordkeeping
- income screening
- monitoring of business for jobs
- loan management and servicing
- for small business incubators, property management

Attach and label as “*Applicant Capacity Description: Section VI.4.*”

5. Management Capacity of Business/Developer Principals. Provide a brief description of the business management capacity to create permanent jobs. Address the following:

- for existing businesses, brief history of business, synopsis of business financials, and experience of individuals involved in management of business;

- for new businesses, evaluation of business plan and experience of individuals involved in management of business.
- for developers, personal/corporate résumés that describe completion of similar projects.

Attach and label as “*Business Management Capacity: Section VI.5.*”

6. Appropriateness of Terms: Provide an explanation as to the why the terms of the CDBG are considered appropriate. Drawing on the analysis performed to meet CDBG underwriting guidelines, address how the amount, type and term of the CDBG assistance was determined to be appropriate for the proposed project. Attach and label as “*Appropriateness of Terms: Section VI.6.*”
7. Training Opportunities: Describe how the proposed project will provide recruitment, training, and promotional opportunities for targeted income groups. Attach and label as “*Training Opportunities: Section VI.7.*”
8. Intrastate Relocation: The intent of the program is to increase or preserve the overall employment base within the state. Therefore, CDBG assistance to a project that will involve the relocation of jobs or businesses from one jurisdiction within the state to another jurisdiction in the state is not eligible. Furthermore, beginning with 1999 CDBG funds, federal statute now prohibits the use of CDBG funds on projects that will result in an interstate or intrastate business relocation from one labor market area to another. The Federal Department of Housing and Urban Development is developing regulatory language to interpret the provisions of the federal statute.

V. APPLICATION CHECKLIST

The following information is required, unless noted, for all Over-the-Counter applications. Please check all information provided. Mark the items N/A that are not applicable to the application, and provide an explanation of information not provided that is applicable.

Prior to submitting your application, review this checklist with your Economic Development Specialist to determine the information that is required for your project. Submit this checklist with your application.

ALL APPLICANTS

APPLICATION FORM AND ATTACHMENTS

Section I. Applicant Information

- ☐ Housing Element Self-Certification: *Section I.6.*
- ☐ Growth Control Attachment: *Section I.7.* (if applicable)
- ☐ Audit Finding Attachment: *Section I.8.a.* (if applicable)
- ☐ Reuse Plan: *Section I.9.*
- ☐ Governing Board Resolution: *Section I.11.a.*
- ☐ Public Hearing Notices: *Section I.11.b.*
- ☐ Statement of Assurances: *Section I.11.c.*
- ☐ Joint Powers Agreement: *Section I.11.d.* (if applicable)

Section II. Project Description

- ☐ Program Budget Summary Form: *Section II.2.*
- ☐ Summary Description: *Section II.3.*
- ☐ Infrastructure Information: *Section II.4* (if applicable)
- ☐ Maps Attachment: *Section II.8*

Section III. Project Financing

- ☐ Business Assistance Sources and Uses (also used for developer projects): *Section III.1.* (if applicable)
- ☐ Public Infrastructure Sources and Uses: *Section III.1* (if applicable)
- ☐ Funding Commitments: *Section III.4.*

Section IV. Public Benefit

- ___Employment Projection Form: *Section IV.1*
- ___Job Training Letter of Intent or Agreement (if applicable)
- ___Business Retention Attachment: *Section IV.3.a.* (if applicable)
- ___Business Relocation Attachment: *Section IV.3.b.* (if applicable)
- ___Business Attraction Attachment: *Section IV.3.c.*

Section V. CDBG Underwriting

- ___CDBG Underwriting Analysis Attachment: *Section V*

Section VI. State Criteria

- ___Community Need Description: *Section VI.1.*
- ___Local Requirements Description: *Section VI.2*
- ___Site Control Documentation: *Section VI.3.*
- ___Applicant Capacity Description: *Section VI.4.*
- ___Business Management Capacity: *Section VI.5.*
- ___Appropriateness of Terms: *Section VI.6.*
- ___Training Opportunities: *Section VI.7*

PROJECT INFORMATION

BUSINESS LOAN

- ___ Brief history of the business.
- ___ Business Plan (for businesses less than three years old). Include resumes of principals, market analysis, marketing strategy, and impact on local competitors.
- ___ Copy of the application to all other funding sources, including all documentation.
- ___ Commitment Letter(s) from all other funding sources, including proposed terms.
- ___ Correspondence indicating the status of the availability of other funding sources.
- ___ Past three years business financial statements (balance sheets and income statements), including all notes and disclosures.
- ___ Current Business Financial Statements (less than 60 days old).
- ___ Current Business Debt Schedule (corresponds to current balance sheet).
- ___ Projected Business Debt Schedule (with CDBG and other new debt).
- ___ Past three years business Federal income tax returns, complete copies.
- ___ Monthly Income Projections for Two Years, with and without CDBG.
- ___ Annual Income Projections for five years with and without CDBG (for businesses less than three years old).
- ___ Current Personal Financial Statement of principal with 20 percent or more ownership (less than 60 days old).
- ___ Past three years personal Federal tax return (complete copies) for each principal with 20 percent or more ownership.
- ___ Credit report on each principal with 20 percent or more ownership.
- ___ Letters of commitment concerning the equity injection, reflecting how it will be obtained and appraised.
- ___ Draft CDBG Loan Agreement.
- ___ Third party cost estimates, including documentation of the cost of real property, acquisition, construction/rehabilitation, and/or equipment costs.
- ___ Appraisals of real property.
- ___ Letter from the community from which the business is relocating, indicating it has been notified about the impending relocation, and providing its comments.

DEVELOPER PROJECT

- ___ Brief history of the business.
- ___ Development Plan. Include resumes of principals, market analysis and marketing strategy, and impact on other local development projects.
- ___ Copy of the application to all other funding sources, including all documentation.
- ___ Commitment Letter(s) from all other funding sources, including proposed terms.
- ___ Correspondence indicating the status of the availability of other funding sources.
- ___ Past 3 years Developer business financial statements (balance sheets and income statements), including all notes and disclosures.
- ___ Current Developer business financial statements (less than 60 days old).
- ___ Current Developer business debt schedule (corresponds to current balance sheet).
- ___ Projected Developer business debt schedule (with CDBG and other new debt).
- ___ Past three years Developer business Federal income tax returns, complete copies.
- ___ Monthly Developer income projections for two years, with and without CDBG.
- ___ Annual Developer income projections for five years with and without CDBG (include an internal rate of return analysis).
- ___ Current personal financial statement of principal with 20 percent or more ownership (less than 60 days old).
- ___ Past three years personal Federal tax return (complete copies) for each principal with 20 percent or more ownership.
- ___ Credit report on each principal with 20 percent or more ownership.
- ___ Letters of commitment concerning the equity injection, reflecting how it will be obtained and appraised.
- ___ Draft Development/Loan Agreement.
- ___ Draft Lease Agreement(s).
- ___ Start-up business tenant: a business plan, pro forma balance sheets and income statements, most recent personal Federal tax return and financial statements for principals with 20% or more ownership.
- ___ Tenant with existing business relocating or expanding to the development: a brief history of the business, last 3 years business Federal income tax return, last 3 years business balance sheets and income statements, current business balance sheet and income statement (less than 60 days old).
- ___ Third party cost estimates, including documentation of the cost of real property, acquisition, construction/rehabilitation, and/or equipment costs.
- ___ Evidence of site control.
- ___ Appraisals of real property.
- ___ Letter from the community from which the business is relocating, indicating it has been notified about the impending relocation, and providing its comments.
- ___ Resume of the managing agent.

INFRASTRUCTURE PROJECT

- ___ Copy of the application to all other funding sources, including all documentation.
- ___ Commitment Letter(s) from all other funding sources, including proposed terms.
- ___ Correspondence indicating the status of the availability of other funding sources.
- ___ Third party cost estimates, including documentation of the cost of real property, acquisition, construction/rehabilitation, and/or equipment costs.
- ___ Evidence of site control.
- ___ Appraisals of real property.
- ___ Brief history of the business.
- ___ Business Plan (for businesses less than 3 years old). Include resumes of principals, market analysis and marketing strategy, and impact on local competitors.
- ___ Past 3 years business financial statements (balance sheets and income statements), including all notes and disclosures.
- ___ Current Business Financial Statements (less than 60 days old).
- ___ Current Business Debt Schedule (corresponds to current balance sheet).
- ___ Projected Business Debt Schedule (with CDBG and other new debt).
- ___ Past three years business Federal income tax returns, complete copies.
- ___ Monthly Income Projections for Two Years, with and without CDBG (for businesses less than three years old, or businesses establishing a local operation of a multi-branch operation).
- ___ Annual Income Projections for five years with and without CDBG (for businesses less than three years old, or businesses establishing a local operation of a multi-branch operation).
- ___ Current Personal Financial Statement of principal with 20 percent or more ownership (less than 60 days old).
- ___ Past three years personal Federal tax return (complete copies) for each principal with 20percent or more ownership.
- ___ Credit report on each principal with 20 percent or more ownership.
- ___ Letters of commitment concerning the equity injection, reflecting how it will be obtained and appraised.
- ___ Draft Loan Agreement.
- ___ Letter from the community from which the business is relocating, indicating it has been notified about the impending relocation, and providing its comments.
- ___ Discussion of Fair Share Allocation Methodology and outcomes of negotiations with benefiting businesses and property owners.
- ___ Description of mechanism(s) for ensuring public benefit and national objective compliance by future businesses benefiting from infrastructure improvements.

INCUBATOR PROJECT

- ___ Feasibility study documenting the need and feasibility for a small business incubator.
- ___ Incubator Guidelines. Include tenant selection criteria, tenant graduation policy, delivery plan for business assistance to tenants, marketing plan to attract tenants and experience/resume of managing agent.
- ___ Copy of the application to all other funding sources, including all documentation.
- ___ Commitment Letter(s) from all other funding sources, including proposed terms.
- ___ Correspondence indicating the status of the availability of other funding sources.
- ___ Monthly incubator income projections for two years, with and without CDBG.
- ___ Annual incubator income projections for 5 years with and without CDBG.
- ___ Projected incubator debt schedule.
- ___ Draft Lease Agreements.
- ___ Summary of collateral offered.
- ___ Third party cost estimates, including documentation of the cost of real property, acquisition, construction/rehabilitation, and/or equipment costs.
- ___ Evidence of site control.
- ___ Appraisals of real property.
- ___ Letters of intent to lease or pre-leases.
- ___ Start-up business tenant: a business plan, pro forma balance sheets and income statements, most recent personal Federal tax return and current financial statements for principals with 20 percent or more ownership.
- ___ Existing business tenant relocating or expanding to the development: a brief history of the business, last 3 years business Federal income tax returns, last three years business balance sheets and income statements, current balance sheet and income statement (less than 60 days old).
- ___ Letter from the community from which the business is relocating, indicating it has been notified about the impending relocation, and providing its comments.

VI. PROJECT AND GRANTEE FORMS

BUSINESS ASSISTANCE SOURCES AND USES OF FUNDS FORM

USES

SOURCES

	CDBG	EQUITY		PRIVATE LENDER		OTHER PRIVATE		OTHER PUBLIC		TOTAL
		Costs Already Incurred	Costs to be incurred	Costs Already Incurred	Costs to be incurred	Costs Already Incurred	Costs to be incurred	Costs Already Incurred	Costs to be incurred	
1. Land										
2. Construction										
3. Machinery & Equipment										
4. Working Capital										
5. Development Costs										
6. Off-Site Improvements										
7. Other										
8. Sub-Total										
9. Grant Administration										
10. Total										

NOTE:

- A. All sources of funds must be identified and documented by letter of interest, except equity which must be documented by letter of commitment and financial statements.
- B. All uses of funds must be supported by third party cost estimates or quotations.

This form should display all funds contributed to the activity from any source and all uses for which those funds will be expended. The Department will use the information in this form to determine private leverage and business or developer equity. If financing for an activity changes, new Sources and Uses of Funds forms must be submitted.

USES

1. Land: This includes all projected land acquisition costs or the value of previously purchased land. Documentation for projected costs must include a deposit receipt or purchase agreement. Documentation of the value of previously purchased land should consist of an appraisal. Previously purchased land should be shown as equity, but will not be counted as leverage, unless purchased within the last six months in anticipation of this application.
2. Construction: This includes all construction costs (including contingencies) for building construction/rehabilitation, on-site costs, etc. Documentation must include cost estimates from a third party (contractor, architect, engineer) or invoices (for costs already incurred). With respect to rehabilitation costs, show costs incurred prior to and subsequent to grant award.
3. Machinery and Equipment: This includes all projected purchases and previous purchases of machinery and equipment (indicate new or used) for this project. Projected purchase prices should be documented by cost estimates provided by suppliers. Previous purchases should be documented by invoices or an appraisal of market value. Existing machinery and equipment should be shown as equity, but will not be counted as leverage, unless purchased within the last 90 days in anticipation of this application.
4. Working Capital: This includes working capital requirements related directly to the activity. Typically, working capital requirements are derived by estimating six months of overhead and expenses. Do not include anticipated profits from operations!
5. Development Costs: This includes development costs related to the activity, such as: interim construction costs, escrow costs, permits, license, architectural and engineering fees (if not part of construction estimates), etc. Documentation should consist of estimates or invoices (for project costs already incurred). Previously incurred costs should be shown but will not be counted as leverage.
6. Off-sites: Any off-site infrastructure to be constructed as part of this activity. This includes road, water, utilities, sewer, storm drain and other improvements.
7. Other: This includes all other costs directly related to the activity, such as: moving

expenses, relocation (if applicable), etc. Documentation should be in the form of cost estimates or paid invoices (for costs already incurred).

8. Grant Administration: This includes all administrative costs for the grant, including the audit.

SOURCES

9. State CDBG: Enter amount requested from the State Community Development Block Grant Program, as applied to each use.
10. Equity: This is defined as the amount to be invested by owners or the value of ownership of a directly related asset, such as land or equipment. Any equity contribution must be documented by a letter from the person authorized to make the commitment and by cost estimates, appraisals, invoices, or financial statements. Equity must be listed as applied to each use.
11. Private Lender: Any loans that have been or will be made to finance the activity must be included in this category supported by any loan agreements, loan documents, letters of commitment, or letters of interest. List as applied to each use.
12. Other Private: Any contribution from any other private source to the activity, as applied to each use.
13. Other Public: Any other contributions from Federal, State, or local sources must be included in this item. Examples could include Small Business Administration, Rural Economic and Community Development Services, Economic Development Administration, local redevelopment agencies, Job Training Partnership Act, or Employment Training Panel, as applied to each use.

PUBLIC INFRASTRUCTURE SOURCES AND USES OF FUNDS FORM

USES

SOURCES

TOTAL	CDBG	EQUITY		PRIVATE LENDER		OTHER PRIVATE		OTHER PUBLIC		
		Costs Already Incurred	Costs to be incurred	Costs Already Incurred	Costs to be incurred	Costs Already Incurred	Costs to be incurred	Costs Already Incurred	Costs to be incurred	
1. Roads										
2. Utilities										
3. Water										
4. Sewer										
5. Other										
6. Sub-Total										
7. Grant Administration										
8. Total										

NOTE:

- A. All sources of funds must be identified and documented by letter of interest, except equity which must be documented by letter of commitment and financial statements.
- B. All uses of funds must be supported by third party cost estimates or quotations.

PROGRAM BUDGET SUMMARY FORM

NOTE: Submit one form for entire application.

1. Applicant: _____

2. Date Prepared: _____

3. ACTIVITY NAME AND NUMBER	a. STATE CDBG	b. EQUITY	c. PRIVATE	d. OTHER FEDERAL	e. OTHER STATE	f. LOCAL	g. PROGRAM INCOME THIS GRANT	h. PROGRAM INCOME CLOSED GRANT	i. TOTAL BUDGET
4. TOTAL PROGRAM									

5. TOTAL PROJECTED QUARTERLY EXPENDITURES (STATE CDBG ONLY)	___/199_ 1st QTR	___/199_ 2nd QTR	___/199_ 3rd QTR	___/199_ 4th QTR	___/199_ 5th QTR	___/199_ 6th QTR	___/199_ 7th QTR	___/199_ 8th QTR	___/199_ 9th QTR	___/199_ 10th QTR

6. Jobs Projected Quarterly (Show as Cumulative)									

7. Audit Expenses \$ _____

**1999-2000 ED/OTC
Program Budget Summary Form
Instructions**

The Activity Budget Summary displays the total budget for all proposed activities including grant administration costs and provides the total projected expenditures for the grant period.

1. Enter the applicant's name.
2. Enter the date the form is prepared.
3. Enter the name and number of each proposed activity (including grant administration).
- 3a-h. Enter the total funds budgeted for each activity by funding source.
- 3i. Enter total budget for each activity.
- 4a. Total all sources of funding to be used in carrying out the proposed activities. Item 4a should indicate the total amount of State CDBG funds requested.
5. Enter the total projected expenditures for each three-month period of the program. The projections are to be cumulative and should only include the STATE CDBG funds budgeted. The last amount entered should be equal to the total CDBG budget in item 10 in the preceding budget.
6. Enter jobs projected on a quarterly basis. Show as cumulative, last quarter of job creation/retention should equal total projected job creation/retention.
7. Audit Expenses. Grant audits can be performed by certified or licensed public accountants under contract to the city or county or by internal auditors meeting the requirements of the regulations (Section 7122). Enter the total dollar amount budgeted for audit expenses. Applicants may budget up to 1% of the total grant amount for the audit costs.

Applicants should be aware of the requirements of the recently issued OMB Circular A-128 which supersedes Circular A-102, Attachment P. Circular A-128 requires that local governments receiving more than \$100,000 annually in federal funds shall have a single audit conducted each year of their entire operations.

When preparing the Administrative budget, the applicant should budget enough funds to pay only the CDBG share of the total funds audited annually.

EMPLOYMENT PROJECTION FORM

NOTE: This form must be filled out for each business and signed by an authorized business representative.

1. Company Name _____
2. Current workforce as of date of application: _____
(Date)
3. Job Information for created or retained jobs.

Classification/Title (Created = [C] or Retained = [R])	Wage	Number of Jobs		TIG
		Full-time	Part-time	Y N
	(Please note whether wage is based on hour, month, or year)	(Minimum 1,750 hours per year)	(Minimum 875 hours per year)	
TOTAL				

4. Number of "full-time equivalent" jobs. _____ (A full-time equivalent" job is two part-time jobs each a minimum of 875 hours/year, that equals one full-time job of at least 1,750 hours/year.)

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NOTE: A separate form must be submitted for each business.

PART I

1. Enter the company's name.
2. Enter the number of current employees (both full-time and part-time) as of the date of the application.
3. Jobs information. Please use additional sheets if necessary.
 - Column 1: Enter the job classification or title of employees to be hired (or retained, if applicable). Indicate whether the job is being created or retained.
 - Column 2: Enter the salary of each employee and indicate whether salaries are hourly, monthly, or yearly.
 - Column 3: Enter the total number of permanent, full-time employees working at least 1,750 hours per year per classification.
 - Column 4: Enter the total number of permanent, part-time employees working at least 875 hours per year.
 - Column 5: Indicate if the job will be filled by a targeted income person.
4. Enter the number of "full-time equivalent" jobs. A full-time equivalent job is defined as two jobs of at least 875 hours each.

PART II

1. Attach additional sheets to describe the method of recruiting, screening, and hiring the projected number of persons from the targeted income group. The applicant jurisdiction may elect to undertake this role using staff and/or the following Self-Certification Form. Alternatively, the applicant jurisdiction may contract with organizations such as Job Training Partnership Act funded agencies. The sample Job Training Agency Model Employment Agreement may be used as a model for completing this information.
2. If this is a job retention proposal, use the following Sample Self-Certification Form and Sample Instructions to establish that the majority of jobs being retained are held by targeted income group persons. The applicable income figures should be listed on the form prior to circulation to the employees. The sample form is provided in English and Spanish. The form must be signed and dated by the employee.
3. Jobs depicted on the employment projection form must be reflected in cash flow

projections contained in the financial information portion of the application.

4. The hiring schedule for the jobs depicted on the employment projection form must be reflected on the Activity Budget and Schedule Form and must indicate that new jobs will be created within a reasonable period after the date of the executed contract with the State Department of Housing and Community Development.
5. Signature of person authorized to act on behalf of the business.
6. Signature of city/county contact.
7. Signature of Job Training Partnership Act funded agency, or Service Delivery Area contact, if such an agency is proposed to be utilized.

MODEL EMPLOYMENT AGREEMENT

The City of ABC (the City) and XYZ Private Industry Council (XYZ-PIC) agree to the following terms and conditions relating to Grant Number _____ also known as the ABC Main Street Plaza Project.

1. XYZ-PIC will work with each business identified in grant # _____ to determine employment and training needs and to assist the businesses, identified in # _____ in utilizing various on-the-job training programs and job tax credits.
2. The following community organizations will be contracted by XYZ-PIC regarding job opportunities created by grant # _____.
 - Department of Rehabilitation
 - All Valley College
 - Regional Occupational Program
 - Employment Development Department
 - Department of Human Resources
 - All Valley Opportunity Center
 - Veteran's Services
 - Area Agency on Aging
 - Refugee Services
3. XYZ-PIC, in coordination with the City, will utilize any or all of the following methods to advertise job opportunities generated from grant # _____.
 - A. Press Releases
 - B. Newspaper Ads
 - C. Posters
 - D. Flyers
 - E. Radio
 - F. Chambers of Commerce
4. The XYZ-PIC recruiting office will work closely with the Employment Development Department, the City and All Valley College in developing job recruiting efforts for grant # _____.
5. The City will be responsible for monitoring the contract between the business and the PIC.
6. XYZ-PIC will collect and maintain client characteristic data relating to JTPA clients employed through the ABC Main Street Plaza Project. This data will be provided on a regular basis to the City, per the reporting schedule in Attachment #2.
7. The XYZ-PIC will maintain a recruitment file on all grant # _____ related activities and that file will be available to the City upon request.

8. XYZ-PIC shall assist employers in recruiting, screening and/or referring eligible applicants for employment. Eligible applicants are defined as being eligible for the Job Training Partnership Act (JTPA Program).
9. Business X Shall work cooperatively with XYZ to provide employment data and allow access to its place of business for purpose of carrying out its responsibilities described herein. ABC shall also refer all direct hires to XYZ for income screening to determine Target Income Group status on hiring date.
10. Compensation for income screening and employee training services is set forth using the following Payment Detail example, which details unit costs for publicity, eligibility screening referral, training, etc. Maximum amount to be paid shall not exceed the total of all costs in payment detail.

This agreement shall take effect when it has been executed by authorized representatives from all parties, and shall be in effect for a term of two years following completion of the ABC Main Street Plaza.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year dated below.

XYZ-PRIVATE
INDUSTRY COUNCIL

City of ABC

By: _____

By: _____

Date: _____

Date: _____

Business X

By: _____

Date: _____

Payment Detail

FOR AGREEMENTS WITH A JTPA FUNDED AGENCY

Forms Development/Modification: \$ _____

+

PUBLICITY/RECRUITMENT: _____ @ \$ _____ ea.

ELIGIBILITY SCREENING: _____ @ \$ _____ ea.

REFERRAL: _____ @ \$ _____ ea.

PLACEMENT/TRAINING (optional): _____ @ \$ _____ ea.

OTHER \$ _____

+

TOTAL \$ _____

MAXIMUM NUMBER OF REFERRALS _____

FLAT FEE PER REFERRAL \$ _____ ea.

MAXIMUM AMOUNT TO BE PAID UNDER THIS AGREEMENT \$ _____

**1999-2000 ED/OTC
Model Employment Agreement
Instructions**

The Model Employment Agreement is only a suggested format for jurisdictions intending to contract for placement and/or training services. However, the requirements contained within the agreement should be included in any contract for these services.

The State CDBG Program allows jurisdictions to use JTPA funded agency definitions of income eligibility when there is an executed contract with a JTPA funded agency. It is important to note that most JTPA funded agencies do not require 100 percent verification of the income eligibility of applicants who are placed. The CDBG Program does require 100 percent verification of hirees.

Therefore, CDBG administrative costs may be budgeted to include funds for JTPA services performed for 100 percent verification.

If a JTPA agency does not income screen applicants, the definition of Targeted Income Group eligibility is determined by using Department of Housing and Urban Development Income Eligibility limits per county and per family size for the current year. (See the OTC Training Manual for the HUD Income Eligibility Limits).

The Department will define household income as family income: all sources of income for one or more persons living in a single residence who are related by blood or marriage.

SELF-CERTIFICATION FORM FOR FAMILY INCOME

Date: _____

City/County: _____

Community Development Block Grant request for fiscal year _____

The information you provide regarding your family income will be part of your request for state subsidy funds which will assist the economic development of _____ (City/County) _____. The information will be confidential, but may require verification.

Please indicate by circling the number that represents the number of persons in your family as well as the approximate income. Please indicate whether your income is over or below the amounts noted below by the number of persons in your family. If your stay is seasonal and your permanent home is at a different place, use the number of family members who reside at the permanent residence.

FAMILY SIZE	INCOME	ABOVE	UNDER
1	\$ _____	_____	_____
2	\$ _____	_____	_____
3	\$ _____	_____	_____
4	\$ _____	_____	_____
5	\$ _____	_____	_____
6	\$ _____	_____	_____
7	\$ _____	_____	_____
8	\$ _____	_____	_____

How many hours do you work each month? _____

Gender of head of household: ____ Male ____ Female

Nationality and age of head of household: ____ Over 62 years of age

____ White ____ Black ____ Hispanic ____ Asian
____ Alaska Native ____ Pacific Islander ____ American Indian

Income Verification

I certify that this income information is correct and I understand that the information I have provided on my family income is subject to verification by authorized representatives of the City/County of _____, and the State of Californian Department of Housing and Community Development.

Signature _____

Date: _____

Name: _____

Home Address: _____

Printed Name

At the application stage, a Self-Certification Form should be completed by every

employee in all cases of job retention to document the jobs being retained, and document the TIG benefit for those applications applying under the national objective of benefit to the targeted income group.

For job creation applications, a Self-Certification form is to be used as a last resort, when the employee has no verifiable forms of income documentation.

The jurisdiction or the business should complete the top half of the certification form, including the current HUD income limits by family size.

The employee should complete the bottom half and signature block of the form. The employee is to circle the family size, and indicate whether the family income is above or under the HUD indicated figure.

The Self-Certification Form should be translated into Spanish, if the employees do not read English.

FAMILY INCOME GUIDELINES

Household income is defined as family income: all sources of income for one or more persons living in a single residence who are related by blood or marriage.

1. **Inclusions in Family Income**

- a. Gross Wages and Salary: The total money earnings received from work performed as an employee. It represents the amount paid before deductions for income taxes, Social Security, bond purchases, Union dues, etc.
- b. Net Self-Employment Income: Net income (gross receipts minus operating expenses) from a business firm, farm, or other enterprises in which a person is engaged on his/her own account.
- c. Net rent income or, less frequently, rent receipts.
- d. Pensions or other retirement benefits.
- e. Alimony.
- f. Periodic insurance payments; frequently referred to as regular income from insurance policies, annuities.
- g. Government and/or military retirement, (other than compensation for disability or death per Title 38, United State Code, Chapter II).

- h. Contest or lottery income.
- i. Periodic gifts, including payment or rent and living expenses from persons outside the residence.
- j. Interest including interest paid on inheritance and trust accounts, and dividends.
- k. Public Assistance payments.
- l. Federal, State, or local unemployment insurance benefits.
- m. Cash payments received pursuant to a State Plan approved under Title I Old Age Assistance, IV Aid to Families with Dependent Children (AFDC), X Aid to the Blind, or XVI Supplemental Security Income for the Aged, Blind and Disabled of the Social Security Act, or disability insurance payments received under Title II, Section 423 of the Social Security Act, or disability insurance payments received under Title II, Section 423 of the Social Security Act of payments received under the Black Lung Benefits Reform Act of 1977 (Public Law 95-239).
- n. Social Security, old age and survivors insurance cash payments. (Social Security Act, Title II, Section 402).
- o. Child support payments including payments made by State or local government on behalf of foster children in the home.
- p. Educational assistance and compensation payments to veterans and other eligible persons under Title 38, United States Code, Chapters 11, Compensation for Service-Connected Disability or Death; 13, Dependence and Indemnity Compensation for Service-Connected Death; 31 Vocational Rehabilitation; 34, Veterans' Education Assistance; 35, War Orphans' and Widows' Educational Benefits. In some cases, this item is simply referred to as "veterans' payments."
- q. Payments or allowances received by veterans while serving on active duty in the Armed Forces. In some cases, this item includes National Guard or military, naval or air force reserve activities.
- r. Payments made to participants in employment and training programs except wages paid for OJT, or Upgrading and Retraining. Exclude all compensation received under II-B.
- s. Capital gains and losses.
- t. Soil bank payments.

- u. Agriculture Stabilization Payments.
- v. Other income, except as indicated below.

2. Exclusions from Annual Family Income - Optional

- a. Non-cash income, such as food stamps, or compensation received in the form of food or housing.
- b. Imputed value of owner-occupied property or rental value of owner occupied property.
- c. Trade Act or Trade Readjustment payments.
- d. One-time unearned income, such as, but not limited to:
 - (1) Accident, health, and casualty insurance proceeds.
 - (2) One-time or fixed-term scholarship and fellowship grants.
 - (3) Payments received for a limited fixed term under income maintenance programs and supplemental (private) unemployment benefits plans.
 - (4) Lump sum inheritances including fixed-term annuities.
 - (5) One-time awards and gifts. Does not include contest or lottery income.
 - (6) Disability and death payments, including fixed-term (but not life time) life insurance annuities and death benefits.
 - (7) Fixed-term Worker's Compensation awards.
 - (8) Terminal Leave pay.

HOUSING ELEMENT SELF-CERTIFICATION LANGUAGE

All applicants are required to submit a self-certification of the status of their housing element to the Department with the application. The following language is provided as an example:

"I, _____, the City Attorney/County Counsel, Chief Executive Officer, or official designated by the governing body for the City/County of _____, have reviewed the updated housing element of the City/County of _____, and hereby certify that this housing element, which includes updated information and which conforms with all other requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code, has been prepared and was submitted to the Department of Housing and Community Development on _____, 19____. the updated housing element was adopted on _____, 19____ and is in conformity with all requirements of Article 10.6 et seq."

STATEMENT OF ASSURANCES

The City/County of _____ hereby assures and certifies that:

- (a) It possesses legal authority to apply for the grant and to execute the proposed program.
- (b) Its governing body has duly adopted or passed as an official act or resolution, motion, or similar action authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the applicant's chief executive officer or other designee to act in connection with the application and to provide such additional information as may be required.
- (c) It has or will comply with all citizen participation requirements, including:
 - 1. Preparation of a written citizen participation plan which includes, at minimum, the following components:
 - a. Provides for and encourages citizen participation, with particular emphasis on participation by persons of low and moderate income who are residents of slum and blight areas and of areas in which CDBG funds are proposed to be used, and provides for participation of residents in low and moderate income neighborhoods as defined by the local jurisdiction;
 - b. Provides citizens with reasonable and timely access to local meetings, information, and records relating to the grantee's proposed use of funds, as required by CDBG regulations, and relating to the actual use of funds under this title;
 - c. Provides for technical assistance to groups representative of persons of low- and moderate-income that request such assistance in developing proposals with the level and type of assistance to be determined by the grantee;
 - d. Provides for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least the development of needs, the review of proposed activities, and review of program performance, which hearings shall be held after adequate notice, at times and locations convenient to potential or actual beneficiaries, and with accommodation for the handicapped. This shall include one public meeting during the program design, annual performance report preparation, and formal amendments. A public hearing shall be conducted prior to application submittal;

- e. Solicits and provides for a timely written answer to written complaints and grievances, within 15 working days where practicable; and
 - f. Identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.
- (d) Its CDBG Program has been developed so as to primarily benefit targeted income persons and households, and each activity in the program meets one of the three national objectives: benefit to low- and moderate-income persons, elimination of slums and blight, or meets an urgent community need certified by the grantee as such.
- (e) It consents to assume the responsibilities for environmental review and decision-making in order to ensure compliance with NEPA by following the procedures for "recipients" of block grant funds as set forth in 24 CFR, Part 58, entitled "Environmental Review Procedures for Title I Community Development Block Grant Programs." Also included in this requirement is compliance with Executive Order 11988 relating to the evaluation of flood hazards, and Section 102(a) of the Flood Disaster Protection Act of 1973 (Pub. Law 93-234) regarding purchase of flood insurance, and the National Historic Preservation Act of 1966 (16 U.S.C. 470) and implementing regulations (36 CFR 800.8).
- (f) It consents to assume the role of either "Lead Agency" as defined by Section 21067 of the California Public Resources Code, or if another agency is or will be designated "Lead Agency," it consents to assume the role of "Responsible Agency" as defined by Section 21069 of the California Public Resources Code, in order to ensure compliance with CEQA.
- (g) It has resolved any audit findings or performance problems for prior CDBG grants awarded by the State.
- (h) It certifies that there is no plan, ordinance, or other measure in effect which directly limits, by number, the building permits that may be issued for residential construction or the buildable lots which may be developed for residential purposes; or if such a plan, ordinance, or measure is in effect, it will either be rescinded before receiving funds, or it need not be rescinded because:
 - 1. It imposes a moratorium on residential construction, to protect the health and safety, for a specified period of time which will end when the public health and safety is no longer jeopardized; or
 - 2. It creates agricultural preserves under Chapter 7 (commencing with Section

51200) of Part 2 of Division 1 or Title 5 of the Government Code; or

3. It was adopted pursuant to a specific requirement of a state or multi-state board, agency, department, or commission; or
 4. The applicant has a housing element which the Department of Housing and Community Development has found to be adequate, unless a final order has been issued by a court in which the court determined that it is not in compliance with Article 10.6 of Chapter 3 of Division 1 of Title 7 of the Government Code; or
 5. The use of the funds applied for in this application is restricted for housing for the targeted income group.
- (i) It will comply with the regulations, policies, guidelines, and requirements of OMB Circular Numbers A-87, A-128, A-102 and A-121, where appropriate, and the State CDBG regulations.
- (j) It shall comply with the following regarding nondiscrimination:
1. Title VI of the Civil Rights Act of 1964 (Pub. Law 88-352).
 2. Title VIII of the Civil Rights Act of 1968 (Pub. Law 90-284) as amended; and will administer all programs and activities related to housing and community development in a manner affirmatively furthering fair housing.
 3. Section 109 of the Housing and Community Development Act of 1974, as amended.
 4. Section 3 of the Housing and Urban Development Act of 1968, as amended.
 5. Executive Order 11246, as amended by Executive Orders 11375 and 12086.
 6. Executive Order 11063, as amended by Executive Order 12259.
 7. Section 504 of the Rehabilitation Act of 1973 (Pub. Law 93-112), as amended, and implementing regulations.

8. The Age Discrimination Act of 1975 (Pub. Law 94-135).
 9. The prospective contractor's signature affixed hereon and dated shall constitute a certification under the penalty of perjury under the laws of the State of California that the bidder has, unless exempted, complied with the nondiscrimination program requirements of Government Code Section 12990 and Title 2, California Administrative Code, Section 8103.
- (k) It will comply with the Federal Relocation Act (42 U.S.C. 4601 et seq., and interim rule 42 U.S.C. 5301 et seq.) and will certify that it is following a residential antidisplacement and relocation plan.
- (l) It will comply with the following regarding labor standards:
1. Section 110 of the Housing and Community Development Act of 1974, as amended.
 2. Section 1720 et seq. of the California Labor Code regarding public works labor standards.
 3. Davis-Bacon Act as amended (46 U.S.C.276a) regarding prevailing wage rates.
 4. Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333) regarding overtime compensation.
 5. Anti-Kickback Act of 1934 (18 U.S.C. 874) prohibiting "kickbacks" of wages in federally assisted construction activities.
- (m) It will comply with the Architectural Barriers Act of 1968 (42 U.S.C. 4151) and implementing regulations (24 CFR Part 40-41).
- (n) It will enforce standards of conduct which govern the performance of its officers, employees, and agents engaged in the administration of contracts funded in whole or in part by the CDBG Program (Section 7120(d) of the State regulations).
- (o) It will comply with the Hatch Act (5 U.S.C. 1501 et seq.) regarding political activity of employees.
- (p) It will comply with the Lead-Based Paint Regulations (24 CFR Part 35) which prohibits the use of lead-based paint on projects funded by the program.

- (q) It will not employ, award contracts to, or otherwise engage the services of any contractor while that contractor is in a period of debarment, suspension, or placement in ineligibility status under the provisions of 24 CFR Part 24.
- (r) It will give HUD, the Comptroller General, the State Department of Housing and Community Development, or any of their authorized representatives access to and the right to examine all records, books, papers, or documents related to the grant.
- (s) It will not attempt to recover any capital costs of public improvements assisted in whole or in part with CDBG funds by assessing properties owned and occupied by targeted income persons unless: (A) CDBG funds are used to pay the proportion of such assessment that relates to non-CDBG funding or; (B) for the purposes of assessing properties owned and occupied by targeted income persons who are not of the lowest targeted income group, it does not have sufficient CDBG funds to comply with the provisions of (A) above.
- (t) It will adopt and enforce policies prohibiting the use of excessive force by its law enforcement agencies against individuals engaged in non-violent civil rights demonstrations and 2) enforcing applicable State and local law against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstration within its jurisdiction.

The certification is made under penalty of perjury under the laws of the State of California.

CERTIFYING OFFICIAL: _____
 Print Name

 Date

 Signature

SAMPLE RESOLUTION

NOTE: An application for the State CDBG Program is to include, at minimum, the following information in a resolution. Applicants have the option of including any additional pertinent information.

RESOLUTION NO. ____

A RESOLUTION APPROVING AN APPLICATION FOR FUNDING FROM THE ECONOMIC DEVELOPMENT ALLOCATION OF THE STATE CDBG PROGRAM AND IDENTIFYING THE RESPONSIBLE PARTY FOR GRANT ADMINISTRATION

BE IT RESOLVED by the City Council of the City of _____ as follows:

SECTION 1.

The City Council has reviewed and hereby approves an application for: (list activities, location and dollar amount of each activity)

SECTION 2.

The City Council has reviewed and hereby agrees to comply with all assurances executed in connection with the application and, if awarded, the grant.

SECTION 3.

The City Council has reviewed and understands its obligation to repay CDBG funds in the event that this activity is determined to be ineligible.

SECTION 4.

The (County Administrative Officer, City Manager, Planning Director, etc.) is hereby authorized and directed to act on the City's behalf in all matters pertaining to this application, including submittal of the application, execution of the grant agreement, drawdown of funds, submittal of amendment requests, and execution of grant amendment documents. Additionally, the _____ (City Manager, Planning Director, etc.) shall be the party responsible for grant administration and execution of all documents including grant amendments.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of _____
held on _____ by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

Mayor of the City of _____

City Clerk of the City of _____

JOINT POWERS AGREEMENT

This agreement, dated for convenience _____ is made by and between City/County of _____, a political subdivision of the State of California, and City/County of _____, a political subdivision of the State of California.

Whereas: The community development activities applied for in the State's Community Development Block Grant Program consist of:

and;

Whereas: Section 7060(d) of Title 25 of the Administrative Code requires a Joint Powers Agreement which meets the requirements of Article I, Chapter 5 of Title 1 (commencing with Section 6500) of the Government Code in order to submit a joint application for the State Community Development Block Grant Program;

Now therefore; the parties hereto agree to the following:

I. General

This agreement is subject to the terms and requirements of Article I, Chapter 5 of Title 1 (commencing with Section 6500) of the Government Code and Subchapter 2 of Chapter 7 of Title 25 of the California Administrative Code.

II. Purpose

This agreement sets forth the relationships and responsibilities of the parties hereto for the purpose of applying for and, if successful, the administration and implementation of the 199_ State Community Development Block Grant Program. If funded, the parties shall be responsible for the areas designated below.

III. Block Grant Contract Management

- a. City/County of _____ shall be responsible for the management of the Block Grant Contract executed with the State of California for the purpose of receiving these funds. These responsibilities, except as noted below in subparagraph IIIb, include but are not limited to:
 1. Setting up of any cash depositories as required by 25 Administrative Code 7098.

2. Any bonding and insurance as required by 25 Administrative Code 7100, and Section 6505.1 of the Government code.
 3. Record keeping as required by 25 Administrative Code 7102.
 4. Program income requirements of 25 Administrative Code 7104.
 5. Financial management in conformance with the requirements of 25 Administrative Code 7106.
 6. Financial reporting as required by 25 Administrative Code 7108.
 7. Performance reports as required by 25 Administrative Code 7110.
 8. Any revisions pursuant to 25 Administrative Code 7114.
 9. The grant closeout procedures of 25 Administrative Code 7116.
 10. Property management and procurement in conformance with 25 Administrative Code Sections 7118 and 7120.
 11. Audit requirements of 25 Administrative Code 7122.
- b. City/County of _____ shall be responsible for the following exceptions to the contract management requirements:

-

IV. Grant Implementation

- a. City/County of _____ shall be responsible for the implementation of the program contained in the 199_ grant application for the State Community Development Block Grant funds. These responsibilities, except as noted below in subparagraph IVb, include but are not limited to:
1. Citizen participation as required by 25 Administrative Code 7080 and Housing and Community Development Act of 1974 and amendments.
 2. Environmental reviews as required by 25 Administrative code 7082.
 3. Labor standards as required by 25 Administrative Code 7088 and 7096.

4. Program design, work write-ups, bid processes, change orders, inspections, construction management and other related program implementation steps required for the successful completion of the program.
5. All other program requirements as set forth in Subchapter 2 of Chapter 7 of Title 25 of the Administrative Code (the State Community Development Block Grant Program regulations).

- b. City/County of _____ shall be responsible for the following exceptions to the contract management requirements;

V. Additional Responsibilities

In addition to the aforesaid delegations of responsibilities, the parties hereto, pursuant to Section 6504 of the Government Code, also agree as follows:

VI. Personnel

Personnel used in the implementation of the program shall be employees of _____ and under the supervision of _____ for the sole purpose of accomplishing the tasks set forth in the application for the State Community Development Block Grant funds.

VII. Use of Property, Equipment, and Utilities

- a. City/County of _____ shall provide the following property, equipment and utilities for use by City/County of _____ for the purpose of implementing the State Community Development Block Grant Program:

- b. Pursuant to Government Code Section 6505.1, the following shall have charge of,

handle, or access to the property or equipment set forth above (name persons if so desired):

VIII. Duration of this Agreement

This agreement shall be effective upon the date the applicant receives notice from the State that the application has been funded. City/County of _____ shall be responsible for the execution of all grant documents necessary for the administration of the program. This agreement shall remain in affect until such time as the grant agreement has been successfully closed out by the State.

In the event the joint Block Grant Application is not funded, this agreement shall be null and void and have no legal affect.

IX. Disposition of Acquired Property of Assets

All property, real or personal, acquired during the administration of this program shall be disposed of in accordance with the provisions of Title 25 of the Administrative Code, Sections 7116 and 7118. Any surplus funds contributed to the program by the parties to this agreement and remaining on hand after the completion of the program shall be returned in proportion to the contributions made.

X. Amendments

Any amendments or modifications to this agreement must have the prior approval of the State and may not materially affect the State's responsibilities for administering this program.

XI. Assurances

Both parties to this agreement agree to be bound by any and all assurances required pursuant to 25 Administrative Code Section 7070(c)(3).

XII. This agreement shall be accompanied by certified resolutions from each party authorizing its execution.

XIII. Additional Provisions

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and attested by their proper officer hereunder, duly authorized, and their official seals to be hereto affixed, as of the day and year first above written.

Name, Title

Name, Title

Date

Date

City/County of _____

City/County of _____

APPROVED

State Department of Housing and Community Development

Date

**1999-2000 ED/OTC
Joint Powers Agreement
Instructions**

- Section 7070(c)(4) calls for a Joint Powers Agreement as part of an application on behalf of another jurisdiction or for joint applications. Section 7060(d) provides that such agreements must be on forms provided by the Department.
- A State form titled "Joint Powers Agreement" has been prepared for use by joint applicants and "on behalf of" applications.
- Additional provisions may be added by applicants either through attachments to the agreement or by typing additional provisions or exceptions into the spaces provided on the form.
- Space has also been left between each paragraph to permit applicants to modify any provisions to fit the applicant's particular situation.
- The applicant should enter "Not Applicable" if a provision clearly has no meaning in light of the activities proposed. **Do not leave any lines blank.**
- If the applicant proposes to create a separate Joint Powers agency, the Department must be consulted regarding the inclusion of legal requirements.

GENERAL PUBLIC HEARING NOTICE

SAMPLE NOTICE

PUBLIC NOTICE

NOTICE IS HEREBY GIVEN that a public hearing will be held on Monday, April 24, 1999, at 6 p.m., 937 Spring Street, Daisyville, in order to solicit comments regarding an application to the Department of Housing and Community Development for a \$500,000 block grant. Eligible activities under the State CDBG Program include housing rehabilitation, public facilities, economic development, community facilities, and planning. All activities funded under this program must principally benefit households earning 80% of the county median income or less.

Persons interested in the program should appear at the above public hearing on April 24, 1999 in order to make their comments known. If you are not able to attend the public hearing, you should direct your written comments to the City of Daisyville, Community Development Department, City Hall, 487 Main Street, Daisyville, California 95667. Written comments must be received at the above address by 6:00 p.m. on Monday, April 24, 1999. In addition, information may be obtained from the Planning Division at the above address between the hours of 8 a.m. and 5 p.m. on weekdays or you may telephone the Planning Division at (916) 622-9353.

By Conrad Brown
Community Development
Director

PROJECT PUBLIC HEARING

SAMPLE NOTICE

PUBLIC NOTICE

NOTICE IS HEREBY GIVEN that the County of Sorrento will conduct a public hearing by the Board of Supervisors on May 10, 1999 at 10:30 a.m., Board of Supervisors chambers, 330 Fair Lane, in order to solicit comments regarding an application by the County of Sorrento to the State of California, Department of Housing and Community Development for a \$500,000 block grant. The County is considering using this money to finance a business expansion project.

Persons interested in the program should appear before the Board of Supervisors at the above public hearing on May 10, 1999, in order to make their comments known. If you are not able to attend the public hearing, you should direct your written comments to the County of Sorrento, Community Programs, 937 Spring Street, Daisyville, California 95667. Written comments must be received at the above address by 5:00 p.m. on May 10, 1999. In addition, information may be obtained from Community Programs at the above address between the hours of 8 a.m. and 5 p.m. on weekdays or you may telephone Community Programs at (916) 626-2183.

John Smith, Director
Community Programs

VII. BUSINESS FINANCIAL INFORMATION FORMS

1999-2000 ED/OTC
Monthly Cash Flow Projections
Instruction and Sample Notes

MONTHLY INCOME CASH FLOW PROJECTIONS

Year 1	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	TOTAL
1. Total Sales							
2. Cost of Sales							
3. Gross Profit							
4. Payroll							
5. Rent							
6. Interest							
7. Depreciation							
8. Other Operating Expenses							
9. Total Gen. & Admin. Expenses							
10. Net Income Before Taxes							
11. Beginning Cash							
12. Loan Funds							
13. Cash Sales							
14. Collection of Receivables							
15. Other Cash							
16. Total Cash Inflow							
17. Loan Principal Payments							
18. Owners Draw							
19. Cost of Sales							
20. Total Expenses							
21. Capital Expenditures							
22. Reserve for Taxes							
23. Other Disbursements							
24. Total Disbursements							
25. Cash Flow Monthly							
26. Cash Flow Cumulative							

1999-2000 ED/OTC
Monthly Cash Flow Projections
Instruction and Sample Notes

MONTHLY INCOME CASH FLOW PROJECTIONS

Year 1	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12	TOTAL
1. Total Sales							
2. Cost of Sales							
3. Gross Profit							
4. Pavroll							
5. Rent							
6. Interest							
7. Depreciation							
8. Other Operating Expenses							
9. Total Gen. & Admin. Expenses							
10. Net Income Before Taxes							
11. Beginning Cash							
12. Loan Funds							
13. Cash Sales							
14. Collection of Receivables							
15. Other Cash							
16. Total Cash Inflow							
17. Loan Principal Payments							
18. Owners Draw							
19. Cost of Sales							
20. Total Expenses							
21. Capital Expenditures							
22. Reserve for Taxes							
23. Other Disbursements							
24. Total Disbursements							
25. Cash Flow Monthly							
26. Cash Flow Cumulative							

1999-2000 ED/OTC
Monthly Cash Flow Projections
Instruction and Sample Notes

MONTHLY INCOME CASH FLOW PROJECTIONS

Year 2	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	TOTAL
1. Total Sales							
2. Cost of Sales							
3. Gross Profit							
4. Pavroll							
5. Rent							
6. Interest							
7. Depreciation							
8. Other Operating Expenses							
9. Total Gen. & Admin. Expenses							
10. Net Income Before Taxes							
11. Beginning Cash							
12. Loan Funds							
13. Cash Sales							
14. Collection of Receivables							
15. Other Cash							
16. Total Cash Inflow							
17. Loan Principal Payments							
18. Owners Draw							
19. Cost of Sales							
20. Total Expenses							
21. Capital Expenditures							
22. Reserve for Taxes							
23. Other Disbursements							
24. Total Disbursements							
25. Cash Flow Monthly							
26. Cash Flow Cumulative							

1999-2000 ED/OTC
Monthly Cash Flow Projections
Instruction and Sample Notes

MONTHLY INCOME CASH FLOW PROJECTIONS

Year 2	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12	TOTAL
1. Total Sales							
2. Cost of Sales							
3. Gross Profit							
4. Pavroll							
5. Rent							
6. Interest							
7. Depreciation							
8. Other Operating Expenses							
9. Total Gen. & Admin. Expenses							
10. Net Income Before Taxes							
11. Beginning Cash							
12. Loan Funds							
13. Cash Sales							
14. Collection of Receivables							
15. Other Cash							
16. Total Cash Inflow							
17. Loan Principal Payments							
18. Owners Draw							
19. Cost of Sales							
20. Total Expenses							
21. Capital Expenditures							
22. Reserve for Taxes							
23. Other Disbursements							
24. Total Disbursements							
25. Cash Flow Monthly							
26. Cash Flow Cumulative							

NOTE: *All projections must be accompanied by detailed notes and a written set of assumptions*

1. Total Sales

Total Sales outlook for the first ____ months/years following disbursement of loan proceeds is projected as follows:

First Year \$

Second Year \$

Total for the Period of

Projection \$ _____

Sales Projections are based on:

- A. Actual sales volume of the past _____ years.
- B. Expected ____% increase in sales volume due to deeper market penetration, increased production capacity, new product or services, etc.
- C. Result of market study.
- D. Letter from buyers/customers (see attached)

2. Cost of Sales:

- A. Existing business: Historically has averaged ____% of sales.
- B. New Business: Based on industry average obtained from Robert Morris and Associates, Dun and Bradstreet, other business profiles.

3. Gross Profit:

Line 1 minus Line 2.

4. Payroll

Based on an average ____% of sales. Payroll will gradually increase to ____ employees during the period of projection. Owner's draw is shown on Line 18.

5. Rent:

\$_____ per month, per lease agreement.

6. Interest:

A. Existing Loans (See schedule of fixed debt):

Interest averages \$_____ per month.

Principal payments average _____ per month.

B. Proposed New Loan: \$ _____ for _____ years at _____%

Average monthly interest estimated at \$_____

Average monthly principal payments estimated at \$_____ monthly payments of principal and interest of \$_____

7. Depreciation:

Assumes an average _____ year life of \$_____ depreciable assets. (using straight line method of depreciation, _____% of salvage)

8. Other Operating Expenses:

9. Total Expenses:

Sum of lines 4 through 8. _____% of Total Sales.

10. Net Income Before Taxes:

Line 3 minus Line 9. _____% of Total Sales.

NOTE: The remaining portion of the projections are critical for start-up businesses.

11. Beginning Cash:

Applicants cash contribution or cash on hand (From current balance sheet).

12. Loan Funds:

Proceeds of Proposed Loan \$_____.

13. Cash Sales:

_____ % of Total Sales, Line 1.

14. Collection of Receivables:

_____ % of Total Sales, Line 1. Average collection period _____ days.

15. Other:

Other cash inflow such as venture capital.

16. Total Cash Inflow:

Sum of Lines 11 through 15.

17. Loan Repayments:

Principal payments only. Please refer to Line 15.

18. Owner's Draw:

Owner's monthly draw will be \$_____ in the first year.
\$_____ in the second year.
\$_____ in the third year.

19. Cost of Sales:

From Line 2.

20. Total Expenses:

Line 9 minus depreciation (Line 7).

21. Capital Expenditures:

\$_____ for land and buildings
\$_____ for machinery and equipment

22. Reserve for Taxes:

_____ % of Line 10 has been reserved for income tax liability.

23. Other Disbursements:

\$_____ to pay off existing loan at _____.

24. Total Disbursements:

Sum of Lines 17 through 23.

25. Cash Flow Monthly:

Line 16 minus Line 24.
\$_____ of the beginning cash or loan proceeds have been allocated to meet working capital requirements.

26. Cash Flow Cumulative:

Line 25 plus Line 26 of the previous month.

ANNUAL INCOME PROJECTIONS

Year	1	2	3	4	5
1. Total Sales					
2. Cost of Sales					
3. Gross Profit					
4. Payroll					
5. Rent					
6. Interest					
7. Depreciation					
8. Other Operating Expenses					
9. Total General & Admin. Expenses					
10. Net Income Before Taxes					

**1999-2000 ED/OTC
Annual Income Projections
Instructions and Sample Notes**

NOTE: *All projections must be accompanied by detailed notes and a written set of assumptions*

1. Total Sales

Total Sales outlook for the first ____ years following disbursement of loan proceeds is projected as follows:

First Year	\$ _____
Second Year	\$ _____
Total for the Period of Projection	\$ _____

Sales Projections are based on:

- A. Actual sales volume of the past _____ years.
- B. Expected ____% increase in sales volume due to deeper market penetration, increased production capacity, new product or services, etc.
- C. Result of market study.
- D. Letter from buyers/customers (see attached)

2. Cost of Sales:

- A. Existing business: Historically has averaged ____% of sales.
- B. New Business: Based on industry average obtained from Robert Morris and Associates, Dun and Bradstreet, other business profiles.

3. Gross Profit:

Line 1 minus Line 2.

4. Payroll

Based on an average ____% of sales. Payroll will gradually increase to ____ employees during the period of projection. Include owners draw on line 8.

5. Rent:

\$ _____ per month, per lease agreement.

6. Interest:

A. Existing Loans (See schedule of fixed debt):

Interest averages \$_____ per month.

Principal payments average _____ per month.

B. Proposed New Loan: \$ _____ for _____ years at _____%

Average annual interest estimated at \$_____

Average annual principal payments estimated at \$_____

Annual payments of principal and interest of \$_____

7. Depreciation:

Assumes an average _____ year life of \$_____ depreciable assets. (using straight line method of depreciation, _____% of salvage)

8. Other Operating Expenses:

9. Total Expenses:

Sum of lines 4 through 8. _____% of Total Sales.

10. Net Income Before Taxes:

Line 3 minus Line 9. _____% of Total Sales.

BUSINESS DEBT SCHEDULE - (CURRENT DEBT)

AS OF _____
(SAME DATE AS CURRENT BALANCE SHEET)

CREDITOR NAME, ADDRESS	ORIGINAL AMOUNT	ORIGINAL DATE	PRESENT BALANCE	INTEREST RATE	MATURITY DATE	MONTHLY PAYMENT	COLLATERAL SECURITY	STATUS

PRESENT TOTAL MUST AGREE WITH BALANCES SHOWN ON CURRENT BALANCE SHEET
TOTAL CURRENT BALANCE \$ _____
CERTIFIED AS CORRECT AND COMPLETE TO THE BEST OF MY KNOWLEDGE THIS _____ DAY OF _____, 19__

SIGNATURE

PRINTED NAME TITLE

BUSINESS DEBT SCHEDULE - (PROJECTED DEBT WITH CDBG)

AS OF _____
(SAME DATE AS CURRENT BALANCE SHEET)

[illegible]

PRESENT TOTAL MUST AGREE WITH BALANCES SHOWN ON CURRENT BALANCE SHEET EXCLUDING THE PROPOSED CDBG DEBT

TOTAL CURRENT BALANCE \$_____

CERTIFIED AS CORRECT AND COMPLETE TO THE BEST OF MY KNOWLEDGE THIS _____ DAY OF _____, 19__

SIGNATURE

PRINTED NAME

TITLE

**1999-2000 ED/OTC
Business Debt Schedules
Instructions**

The information for this form should be obtained from the business. This form must be filled out twice, to show current debt without CDBG funds and also to show projected debt with CDBG funds.

1. Enter same date shown on current balance sheet in blank provided at top of chart.
2. Creditor
Enter name and address of each creditor
3. Original Amount and Date
Enter the original amount and date of each loan in the boxes provided.
4. Present Balance and Interest Rate
Enter the present balance and interest rate of each loan in the boxes provided.
5. Maturity Date and Monthly Payment
Enter the maturity date and monthly payment amount for each loan in the boxes provided.
6. Collateral Security
List the collateral or security for each loan in the box provided.
7. Status
Indicate the status of each loan, (e.g., current, etc.).
8. Enter the present balance of all loans. This figure must agree with the balances shown on the current balance sheet.
9. The certification statement must be dated and signed by the chief fiscal officer of the business.

SCHEDULE OF COLLATERAL				
Asset	Date Acquired	Value	Balance Owing	Secured Party Lien holder Income & Address Account #

Column 1: Identify the asset. For real estate provide the location and parcel size. For machinery and equipment, provide the make and year model.

Column 2: Identify when the asset was acquired.

Column 3: Indicate the asset's current market value.

Column 4: Indicate the amount owing on the asset to any secured parties.

Column 5: Identify the secured party (name, address, and account number).

DEVELOPER LOAN
MONTHLY INCOME PROJECTION FOR TWO YEARS
(IN 000'S)

Month	1	2	3	4	5	6	7	8	9	10	11	12	Total
1. Rent													
a. Tenant													
b. Tenant													
c. Tenant													
d. Tenant													
2. Gross Income													
3. - Vacancy													
4. Gross Effective Income													
5. Operating Expenses													
a. Management													
b. Reserves													
c. Assessment District													
d. Insurance													
e. Property Taxes													
f. Other													
6. Net Operating Income													
7. - Bank Debt Service													
8. - CDBG Debt Service													
9. Net Income													

1999-2000 ED/OTC
Developer Loan Monthly Income Projection for Two Years
Instructions and Sample Notes

DEVELOPER LOAN
MONTHLY INCOME PROJECTION FOR TWO YEARS (IN 000'S)

Month	13	14	15	16	17	18	19	20	21	22	23	24	Total
1. Rent													
a. Tenant													
b. Tenant													
c. Tenant													
d. Tenant													
2. Gross Income													
3. - Vacancy													
4. Gross Effective Income													
5. Operating Expenses													
a. Management													
b. Reserves													
c. Assessment District													
d. Insurance													
e. Property Taxes													
f. Other													
6. Net Operating Income													
7. - Bank Debt Service													
8. - CDBG Debt Service													
9. Net Income													

1999-2000 ED/OTC
Developer Loan Monthly Income Projection for Two Years
Instructions and Sample Notes

NOTE: *All projections must be accompanied by detailed notes and a written set of assumptions*

1. Rent: \$____ per square foot per tenant, with ____% escalation at end of ____ years. All leases are _____ (gross/net/triple net).

Projections are based on

- ____% lease commitments.
- ____% occupancy level in Month ____.
- experience in other similar centers operated by developer.
- absorption rates of other similar centers in the area.

2. Gross Income: Sum of Lines 1(a) through 1(d).
3. Vacancy: ____% vacancy based on _____. Vacancy rates usually range from five to ten percent. Vacancy should be conservative and be based on some objective figures.
4. Gross Effective Income: Line 2 minus Line 3.
5. Operating Expenses:
- a. Management Expense: ____% of gross effective income.
 - b. Reserves: ____% of gross effective income.
 - c. Assessment District: \$____ annual levy.
 - d. Insurance: \$____ annual premium, increasing ____% per year.
 - e. Property Taxes: \$____ annually, increasing ____% per year.
 - f. Other:

All items listed above should be reflected in monthly figures and may not be applicable depending on lease terms.

6. Net Operating Income: Line 4 minus Sum of Lines 5(a) through 5(f).
7. Bank Debt Service: \$ ____ Principal at ____% interest with ____ year amortization. \$____ monthly principal and interest payments. Indicate additional terms, such as whether loan is callable, interest only, deferred, etc.
8. CDBG Debt Service: \$ ____ Principal at ____% interest with ____ year amortization. \$____ monthly principal and interest payments. Indicate additional terms, such as whether loan is callable, interest only, deferred, etc.
9. Net Operating Income: Line 6 minus Line 7 and Line 8.

DEVELOPER LOAN
ANNUAL INCOME PROJECTIONS FOR FIVE YEARS (IN 000'S)

Year	1	2	3	4	5
1. Rent					
a. Tenant					
b. Tenant					
c. Tenant					
d. Tenant					
2. Gross Income					
3. - Vacancy					
4. Gross Effective Income					
5. Operating Expenses					
a. Management					
b. Reserves					
c. Assessment District					
d. Insurance					
e. Property Taxes					
f. Other					
6. Net Operating Income					
7. - Bank Debt Service					
8. - CDBG Debt Service					
9. Net Income					
10. Debt Coverage Ratio					
11. Sale Proceeds					
12. - Cost of Sale					
13. - Repayment of Debt					
14. Net Sale Proceeds					
15. Project Cash Flow					
16. Cash on Cash Return					
17. IRR (Before Tax)					

NOTE: *All projections must be accompanied by detailed notes and a written set of assumptions.*

1. Rent: \$____ per square foot per tenant, with ____% escalation at end of ____ years. All leases are _____ (gross/net/triple net).

Projections are based on

- ____% lease commitments.
- ____% occupancy level in Month ____.
- experience in other similar centers operated by developer.
- absorption rates of other similar centers in the area.

2. Gross Income: Sum of Lines 1(a) through 1(d).

3. Vacancy: ____% vacancy based on _____. Vacancy rates usually range from five to ten percent. Vacancy should be conservative and be based on some objective figures.

4. Gross Effective Income: Line 2 minus Line 3.

5. Operating Expenses:

- a. Management Expense: ____% of gross effective income.
- b. Reserves: ____% of gross effective income.
- c. Assessment District: \$____ annual levy.
- d. Insurance: \$____ annual premium, increasing ____% per year.
- e. Property Taxes: \$____ annually, increasing ____% per year.
- f. Other:

Some of the items listed above may not be applicable depending on lease terms.

6. Net Operating Income: Line 4 minus Sum of Lines 5(a) through 5(f).

7. Bank Debt Service: \$ ____ Principal at ____% interest with ____ year amortization. \$____ annual principal and interest payments. Indicate additional terms, such as whether loan is callable, interest only, deferred, etc.

8. CDBG Debt Service: \$ ____ Principal at ____% interest with ____ year amortization. \$____ annual principal and interest payments. Indicate additional terms, such as whether loan is callable, interest only, deferred, etc.

9. Net Operating Income: Line 6 minus Line 7 and Line 8.

10. Debt Coverage Ratio: Line 6 divided by the sum of Line 7 and Line 8. The Debt Coverage Ratio provides a measurement to evaluate the margin between projected income and total debt service.

1999-2000 ED/OTC
Development Loan Annual Income Projections for Five Years
Instructions and Sample Notes

11. Sale Proceeds: (Compute for Year 5 only.) Year 6 Net Operating Income (Line 6) divided by capitalization rate of ____%. A sale should be assumed in at the end of Year 5 in order to calculate the rate of return on equity. The market capitalization rate ("cap rate") should reflect the type of project, location, and risk.
12. Cost of Sale: (Compute for Year 5 only.)
 - ____% of sale price; or
 - \$____ in commissions and \$____ fees.
13. Repayment of Debt: Balance remaining of \$____ at end of Year 5.
14. Net Sale Proceeds: Line 11 minus Line 12 and Line 13. (Compute for Year 5 only.)
15. Project Cash Flow: Line 9 plus Line 14.(Compute for Year 5 only.)
16. Cash on Cash Return: \$____ in contributed equity divided by Line 15. (Compute for Year 5 only.)
17. Internal Rate of Return (IRR): The rate of return at which discounted future cash flows equal the initial cash outlay. The IRR formula incorporates the outflow of funds (the equity/down payment) and inflow of funds (net income (Line (9) and net sale proceeds (Line 14)). In the event a ground lease will stay in effect after the sale, its residual value should be determined by dividing sixth year ground lease payments by an appropriate market capitalization rate. (Compute for Year 5 only.)

NOTE: Both Line 16 and Line 17 are based on before-tax figures.

PERSONAL FINANCIAL STATEMENT

As of _____ 19 __

Complete this form if 1) a sole proprietorship by the proprietor; 2) a partnership by each partner; 3) a corporation by each officer and each stockholder with 20% or more ownership; 4) any other person or entity providing a guaranty on the loan.

Name _____

Residence Phone _____

Residence Address _____

City, State, & Zip _____

Business Name of Applicant/Borrower _____

ASSETS (Omit Cents)	LIABILITIES (Omit Cents)
Cash on hand & in Bank\$ _____	Accounts Payable \$ _____
Savings Accounts _____	Notes Payable (to Bank & Others)
IRA _____	(Describe in Section 2) _____
Accounts & Notes Receivable	Installment Account (Auto) _____
(Describe in Section 6) _____	Mo. Payments \$ _____
Life Insurance - Cash	Installment Account (Other) _____
Surrender Value Only _____	Mo. Payments \$ _____
Stocks and Bonds	Loans on Life Insurance _____
(Describe in Section 3) _____	Mortgages on Real Estate
Real Estate	(Describe in Section 4) _____
(Describe in Section 4) _____	Unpaid Taxes
Automobile - Present Value _____	(Describe in Section 7) _____
Other Personal Property	Other Liabilities
(Describe in Section 5) _____	(Describe in Section 8) _____
Other Assets	
(Describe in Section 6) _____	
Total \$ _____	Total Liabilities _____
	Net Worth _____
	Total \$ _____

Section 1. Source of Income**Contingent Liabilities**

Salary \$ _____	As Endorser or Co-Maker \$ _____
Net Investment Income _____	Legal Claims & Judgments _____
Real Estate Income _____	Provision for Fed Income Tax _____
Other Income (Describe)* _____	Other Special Debt _____

Description of Items Listed in Section 1 _____

*(Alimony or child support payments need not be disclosed in "Other Income" unless it is desired to have such payments counted toward income.)

Section 2. Notes Payable to Banks and Others

Name & Address of Note holder	Original Balance	Current Balance	Payment Amount	Terms (Monthly - etc.)	How Secured or Endorsed - Type of Collateral

Section 3. Stocks and Bonds: (Use separate sheet if necessary)				
No. of Shares	Names of Securities	Cost	Market Value Quotation/Exchange	Date Amount

Section 4. Real Estate Owned. (List each parcel separately. Use supplemental sheets if necessary. Each sheet must be identified as a supplement to this statement and signed.)							
Address - Type of Property	Title is in name of	Date Purchased	Original Cost	Present Value	Mortgage Balance	Amount of Payment	Status of Mortgage

Section 5. Other Personal Property. (Describe, and if any is mortgaged, state name and address of mortgage holder and amount of mortgage, terms of payment, and if delinquent, describe delinquency).

Section 6. Other Assets, Notes & Accounts Receivable (Describe)

Section 7. Unpaid Taxes. (Describe in detail, as to type, to whom payable, when due, amount, and what, if any, property tax lien attaches)

Section 8. Other Liabilities. (Describe in detail)

Section 9. Life Insurance Held (Give face amount of policies - name of company and beneficiaries)

Lender is authorized to make all inquiries deemed necessary to verify the accuracy of the statements made herein and to determine my creditworthiness.
(I) or (We) certify the above and the statements contained in the schedules herein are a true and accurate statement of (my) or (our) financial condition as of the date stated herein.

Signature _____ Signature _____ Date _____

SOCIAL SECURITY NO. _____ SOCIAL SECURITY NO. _____